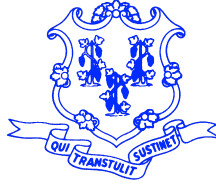


The Connecticut General Assembly

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Memorandum

To: Legislative Regulation Review Committee
From: Legislative Commissioners' Office
Committee Meeting Date: October 23, 2012

Regulation No:	2012-44
Agency:	Department of Consumer Protection
Subject Matter:	Manufacture, Distribution and Sale of Sealed Tickets
Statutory Authority: (copy attached)	7-169h, 7-169i

	Yes or No
Mandatory	Y (7-169h)
Federal Requirement	N
Permissive	Y (7-169i)

For the Committee's Information:

Substantive Concerns:

Technical Corrections:

1. On page 2, the introductory language for Section 2 should be "The Regulations of Connecticut State Agencies are amended by adding section 7-169h-a1 as follows:", for proper form.
2. On page 2, the prefatory language in the first and second lines of section 7-169h-a1 should be "As used in sections 7-169h-a1 to section 7-169h-28, inclusive, of the Regulations of Connecticut State Agencies:", for proper form.
3. On pages 2 and 3, throughout section 7-169h-a1, only the first word of each defined term should be capitalized and subsequent words in the defined term should be in lowercase letters, for proper form. Additionally, all defined terms should be listed numerically using subdivisions (1), (2), (3), etc., for proper form.
4. On page 2, the definition of "Sales Person" in section 7-169h-a1(i) should be deleted because the term is only used in the catchlines of sections 7-169h-4 and 7-169h-5 and is not used in the text of the proposed regulations.
5. On page 3 in the fourth line of section 7-169h-1(a) and throughout the proposed regulations, "general statutes" and "general statutes" should be "Connecticut General Statutes" and "Connecticut General Statutes", accordingly, for proper form.
6. On pages 3 and 4, in section 7-169h-3(a), "person" and "person's" should be "individual" and "individual's", for clarity and to distinguish requirements placed on individuals from those placed on organizations, partnerships, associations, limited liability companies, corporations, trusts or other public or private entities. The same changes should be made on page 4 in sections 7-169h-4(a) and (b) and 7-169h-5(b) and (d), on page 5 in section 7-169h-7 and on page 7 in section 7-169h-24.
7. On page 6, in the prefatory language for section 4, "7-169h 17" should be "7-169h-17" for proper form and accuracy.
8. On page 6, in the second line of section 7-169h-18(b), "who purchased a sealed ticket prior to the effective date of termination." should be ", provided such person purchased a sealed ticket prior to the effective date of the discontinuation of such game.", for clarity.
9. On page 7, in section 7-169h-23 and throughout the proposed regulations, "regulations of Connecticut state agencies" and "regulations of Connecticut state agencies" should be "Regulations of Connecticut State Agencies" and "Regulations of Connecticut State Agencies", accordingly, for proper form.
10. On page 8, in the catchline for section 7-169h-25a, "Registration" should be "registration" for proper form and consistency. In the first line of said section, "shall find" should be "finds" for proper grammar. In the second line of said section, "shall be" should be "is" and in the fifth line of said section, "shall find" should be "finds" and "said" should be "such" for proper grammar.

11. On pages 8, 9, 10 and 11, in sections 7-169h-25b(a), 7-169h-25c(a), 7-169h-25c(i), 7-169h-25d(a) and 7-169h-25e(a), "or such other fee as the legislature deems appropriate" should be deleted as unnecessary because in each case a specific fee dollar amount is specified in the Connecticut General Statutes.

Recommendation:

X	Approval in whole
X	with technical corrections
X	with deletions
	with substitute page
	Disapproval in whole or in part
	Rejection without prejudice

Reviewed by: Richard Hanratty / Jo A. Roberts

Date: October 9, 2012

From 2012 Supplement

Sec. 7-169h. Sealed tickets. Definitions. Permits to sell. Fees. Regulations. Suspension or revocation of permit. Cease and desist order. Notice. Hearing. Appeals. Penalty. (a) For the purposes of this section and section 7-169i:

(1) "Commissioner" means the Commissioner of Consumer Protection;

(2) "Department" means the Department of Consumer Protection;

(3) "Sealed ticket" means a card with tabs which, when pulled, expose pictures of various objects, symbols or numbers and which entitles the holder of the ticket to receive a prize if the combination of objects, symbols or numbers pictured matches what is determined to be a winning combination;

(4) "Distributor" means a person who is a resident of this state and is registered with the department to provide services related to the sale and distribution of sealed tickets to any organization permitted to sell sealed tickets by the department; and

(5) "Manufacturer" means a person who is registered with the department and who manufactures or assembles sealed tickets from raw materials, supplies or subparts.

(b) No person shall sell, offer for sale or distribute a sealed ticket who has not applied for and received a permit from the department to sell sealed tickets.

(c) No organization permitted to sell sealed tickets in this state shall purchase sealed tickets from anyone other than a distributor.

(d) A distributor shall not purchase sealed tickets for sale or use in this state from any person except a manufacturer. A distributor shall have a physical office in this state and such office shall be subject to inspection by the commissioner or the commissioner's duly designated agent during normal business hours. No organization or group or any person affiliated with an organization or group permitted to sell sealed tickets under this section shall be permitted to be a distributor.

(e) A manufacturer shall not sell sealed tickets to any person in this state except a distributor.

(f) All sealed tickets purchased by a distributor for sale or use in this state shall be stored or warehoused in this state prior to their sale to any organization permitted to sell sealed tickets.

(g) All sealed tickets sold in this state shall meet the standards on pull-tabs adopted by the North American Gaming Regulators Association.

(h) (1) The department may issue a permit to sell sealed tickets to any organization or group specified in subsection (d) of section 7-169 which holds a bingo permit issued in accordance with the provisions of section 7-169. Such permit shall be renewed annually.

(2) The department may issue a permit to sell sealed tickets to any organization or group specified in subsection (d) of section 7-169 which holds a club permit or nonprofit club permit under the provisions of chapter 545. Such permit shall be renewed annually.

(3) The department may issue a permit to sell sealed tickets to any organization or group specified in section 7-172 which holds a permit to operate a bazaar, issued in accordance with the provisions of sections 7-170 to 7-186, inclusive.

(4) The department may issue a permit to sell sealed tickets to any charitable, civic, educational, fraternal, veterans' or religious organization, volunteer fire department or grange authorizing such organization to sell sealed tickets in conjunction with any social function or event sponsored or conducted by such organization. Any such organization shall have been organized for not less than two years prior to the date of its application for such permit. Such permit shall be renewed annually.

(i) On and after July 1, 2011, the department may sell any sealed tickets it has in its possession as of said date, provided it does not purchase any new sealed tickets after said date. Permittees shall purchase such sealed tickets from the department at a cost which is equal to ten per cent of their resale value, until the department's supply of sealed tickets has been fully depleted. After the department's supply of sealed tickets has been fully depleted, permittees shall purchase such sealed tickets from a distributor at a cost which is equal to ten per cent of their resale value. Each such distributor shall remit thirty per cent of its gross revenue derived from such purchase fees to the State Treasurer on a quarterly basis.

(j) Each applicant for registration as a manufacturer or distributor shall apply to the commissioner on such forms as the commissioner prescribes. A distributor's application shall be accompanied by an annual fee of two thousand five hundred dollars, payable to the State Treasurer, and a manufacturer's application shall be accompanied by an annual fee of five thousand dollars, payable to the State Treasurer. Each applicant for an initial manufacturer or distributor registration shall submit to state and national criminal history records checks conducted in accordance with section 29-17a before such registration is issued.

(k) Notwithstanding the provisions of subsection (b) of section 53-278b and subsection (d) of section 53-278c, sealed tickets may be sold, offered for sale, displayed or open to public view only (1) during the course of a bingo game conducted in accordance with the provisions of section 7-169 and only at the location at which such bingo game is conducted, (2) on the premises of any such organization or group specified in subdivision (2) of subsection (h) of this section, (3) during the conduct of a bazaar under the provisions of sections 7-170 to 7-186, inclusive, or (4) in conjunction with any social function or event sponsored or conducted by any such organization specified in subdivision (4) of subsection (h) of this section. Subject to the provisions of section 7-169i, permittees may utilize a mechanical or electronic ticket dispensing machine approved by the department to sell sealed tickets. Sealed tickets shall not be sold to any person less than eighteen years of age. All proceeds from the sale of tickets shall be used for a charitable purpose, as defined in section 21a-190a.

(l) The fee for a permit to sell sealed tickets (1) issued to an organization authorized to conduct bingo under a "Class A" or "Class C" permit or to an organization specified in subdivision (4) of subsection (h) of this section in conjunction with any social function or event sponsored or conducted by such organization shall be fifty dollars, (2) issued to an organization which holds a club permit or nonprofit club permit under the provisions of chapter 545 shall be seventy-five dollars, and (3) issued to an organization authorized to conduct bingo under a "Class B" permit or an organization which holds a permit to operate a bazaar shall be five dollars per day.

(m) The commissioner, with the advice and consent of the Gaming Policy Board, shall adopt regulations in accordance with the provisions of chapter 54 to carry out the purposes of this section including, but not limited to, regulations concerning (1) qualifications of a charitable organization, (2) the price at which the

charitable organization shall resell tickets, (3) information required on the ticket, including, but not limited to, the price per ticket, (4) the percentage retained by the organization as profit, which shall be at least ten per cent of the resale value of tickets sold, (5) the percentage of the resale value of tickets to be awarded as prizes, which shall be at least forty-five per cent, (6) apportionment of revenues received by the department from the sale of tickets, and (7) investigations of any charitable organization seeking a permit.

(n) (1) Whenever it appears to the commissioner after an investigation that any person is violating or is about to violate any provision of this section or administrative regulations issued pursuant thereto, the commissioner may in his or her discretion, to protect the public welfare, order that any permit issued pursuant to this section be immediately suspended or revoked and that the person cease and desist from the actions constituting such violation or which would constitute such violation. After such an order is issued, the person named therein may, within fourteen days after receipt of the order, file a written request for a hearing. Such hearing shall be held in accordance with the provisions of chapter 54.

(2) Whenever the commissioner finds as the result of an investigation that any person has violated any provision of this section or administrative regulations issued pursuant thereto or made any false statement in any application for a permit or in any report required by the commissioner, the commissioner may send a notice to such person by certified mail, return receipt requested. Any such notice shall include (A) a reference to the section or regulation alleged to have been violated or the application or report in which an alleged false statement was made, (B) a short and plain statement of the matter asserted or charged, (C) the fact that any permit issued pursuant to this section may be suspended or revoked for such violation or false statement and the maximum penalty that may be imposed for such violation or false statement, and (D) the time and place for the hearing. Such hearing shall be fixed for a date not earlier than fourteen days after the notice is mailed.

(3) The commissioner shall hold a hearing upon the charges made unless such person fails to appear at the hearing. Such hearing shall be held in accordance with the provisions of chapter 54. If such person fails to appear at the hearing or if, after the hearing, the commissioner finds that such person committed such a violation or made such a false statement, the commissioner may, in his or her

discretion, suspend or revoke such permit and order that a civil penalty of not more than five hundred dollars be imposed upon such person for such violation or false statement. The commissioner shall send a copy of any order issued pursuant to this subdivision by certified mail, return receipt requested, to any person named in such order. Any person aggrieved by a decision of the commissioner under this subdivision shall have a right of appeal to the Gaming Policy Board for a hearing. Any person aggrieved by a decision of the Gaming Policy Board shall have a right of appeal pursuant to section 4-183.

(4) Whenever the commissioner revokes a permit issued pursuant to this section, he or she shall not issue any permit to such permittee for one year after the date of such revocation.

From 2012 Supplement

Sec. 7-169i. Sealed ticket machine. Registration of manufacturer or dealer. Fee. Revocation. Regulations. (a) No permittee pursuant to section 7-169h may use a mechanical or electronic ticket dispensing machine to sell sealed tickets unless such machine is owned in full by the permittee or is rented or purchased from a manufacturer or dealer who is registered with the Department of Consumer Protection.

(b) Each applicant for registration as a manufacturer or dealer in sealed ticket dispensing machines shall apply to the commissioner on such forms as the commissioner prescribes. The application for manufacturer shall be accompanied by an annual fee of one thousand two hundred fifty dollars payable to the State Treasurer. The application for dealer shall be accompanied by an annual fee of six hundred twenty-five dollars payable to the State Treasurer. Each applicant for initial registration shall submit to state and national criminal history records checks conducted in accordance with section 29-17a before such registration is issued.

(c) The Department of Consumer Protection may revoke for cause any registration issued in accordance with subsection (a) of this section.

(d) The commissioner may adopt regulations, in accordance with chapter 54, to implement the provisions of this section.